

**HOUSE BILL 800**  
CONSTITUTIONAL AMENDMENT

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C7

2003 Regular Session  
3r2013

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By: **Delegate Donoghue**

Introduced and read first time: February 7, 2003

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Public Education - Funding - Video Lottery Terminals**

3 FOR the purpose of prohibiting the statutory expansion of forms of gaming, with  
4 certain exceptions, by the General Assembly; providing for the regulation of the  
5 operation of certain video lottery terminals by the State Lottery Commission  
6 under certain circumstances; providing that video lottery terminals may be  
7 offered for public use in the State only by a business entity to which a video  
8 lottery facility license has been issued by the State Lottery Commission;  
9 providing that other laws that prohibit the operation of video lottery terminals  
10 do not apply to video lottery terminals authorized under this Act; requiring  
11 video lottery terminals and associated equipment to be owned or leased by and  
12 under the control of the Commission; limiting the number of licenses to operate  
13 video lottery terminals to locations at a certain number of different regions of  
14 the State; requiring that an applicant for a license hold a license to operate a  
15 racetrack issued by the State Racing Commission; limiting to a certain number  
16 the number of video lottery terminals at a certain facility that a video lottery  
17 facility licensee may operate; requiring the State Lottery Commission to select  
18 applicants to be issued a video lottery facility license through a competitive  
19 process that is to be reviewed and approved by the Governor and the Legislative  
20 Policy Committee of the General Assembly before the process is utilized;  
21 providing that the proceeds of the video lottery terminal gaming authorized by  
22 this Act that are not returned to successful players shall be under the control of  
23 the State Lottery Commission; requiring that at least one-half of the net  
24 proceeds of the video lottery terminal gaming authorized by this Act be  
25 dedicated to a special fund and used to implement the final recommendations of  
26 a certain commission on education and a certain task force on college readiness,  
27 and for public libraries; submitting this amendment to the qualified voters of  
28 the State of Maryland for their adoption or rejection; and generally relating to  
29 the financing of public education through the authorization of video lottery  
30 terminal gaming that is regulated and controlled by the State Lottery  
31 Commission.

32 BY proposing an addition to the Constitution of Maryland

33 New Article XIX - State Lottery Commission - Video Lottery Terminals

34 Section 1 through 5, inclusive

1 Preamble

2 WHEREAS, The question of whether to authorize video lottery terminals is a  
3 public policy issue of paramount importance to the State; and

4 WHEREAS, The authorization of any additional forms or expansion of  
5 commercial gaming, such as casino-style gaming, in the State is prohibited by this  
6 Act; and

7 WHEREAS, The General Assembly recognizes that an investment in education  
8 is an investment in the State's economic future and in a workforce that can meet the  
9 challenges of the 21st century and beyond; and

10 WHEREAS, The Commission on Education Finance, Equity, and Excellence,  
11 having concluded its 2-year examination of the adequacy of funding provided to  
12 educate Maryland's children from prekindergarten through high school, has  
13 recommended that State funding increase by more than \$1.1 billion over the next 5  
14 years to reach adequacy and that the Governor and General Assembly consider new  
15 revenue sources, in addition to reprioritization of the State budget, to help fund the  
16 recommendations; and

17 WHEREAS, The State should dedicate significant levels of funding from the  
18 video lottery operations to reflect a commitment to adequate prekindergarten through  
19 secondary public education and educational opportunities for the students of the  
20 State; and

21 WHEREAS, Maryland's horse racing industry reaches across the State affecting  
22 farm owners, breeders, horsemen, and track personnel from the Eastern Shore to  
23 Western Maryland; and

24 WHEREAS, The General Assembly finds and declares that this Act is necessary  
25 to preserve, restore, and revitalize the horse racing and breeding industries and  
26 preserve in Maryland the economic impact associated with these industries; and

27 WHEREAS, The General Assembly finds and declares that competition from  
28 video lottery facilities in Delaware and West Virginia, and most recently New York,  
29 are resulting in increased purses and economic activity in those states and will have  
30 a substantial negative impact on Maryland's historic racing and breeding industries  
31 and the related economy of the State; and

32 WHEREAS, The General Assembly finds and declares that it is necessary and in  
33 the best interest of the economic growth of the State to make commitments to  
34 educational programs in the State and to allow Maryland's horse racing and breeding  
35 industries to compete with those industries in surrounding states by authorizing  
36 video lottery terminals at some of Maryland's racing facilities; now, therefore,

37 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
38 MARYLAND, (Three-fifths of all the members elected to each of the two Houses  
39 concurring), That it be proposed that the Constitution of Maryland read as follows:

## ARTICLE XIX - STATE LOTTERY COMMISSION - VIDEO LOTTERY TERMINALS

## 1. DEFINITIONS.

(A) IN THIS ARTICLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "NET PROCEEDS" MEANS THE PROCEEDS LESS THE COSTS INCURRED BY THE STATE LOTTERY COMMISSION IN ADMINISTERING THIS ARTICLE.

(C) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT IS OTHERWISE ALLOCATED UNDER THIS ARTICLE.

(D) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY ELECTRONIC CONTRIVANCE, MACHINE, OR OTHER DEVICE THAT, ON INSERTION OF A COIN, TOKEN, OR SIMILAR OBJECT OR ON PAYMENT OF ANY CONSIDERATION, IS AVAILABLE TO PLAY OR OPERATE, THE PLAYING OR OPERATION OF WHICH, ONLY BY APPLICATION OF THE ELEMENT OF CHANCE, MAY DELIVER OR ENTITLE THE PLAYER WHO OPERATES THE DEVICE TO RECEIVE CASH, PREMIUMS, MERCHANDISE, TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.

(2) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER TITLE 12, SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

(3) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE A VIDEO, ELECTRONIC, MECHANICAL, OR OTHER POKER OR BLACKJACK CONTRIVANCE, MACHINE, OR OTHER DEVICE.

## 2. ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING PROHIBITED.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON OR AFTER THE EFFECTIVE DATE OF THIS ARTICLE, THE GENERAL ASSEMBLY, EXCEPT TO THE EXTENT VIDEO LOTTERY TERMINAL GAMING IS AUTHORIZED BY THIS ARTICLE, MAY NOT AUTHORIZE STATUTORILY ANY ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING, INCLUDING CASINO-STYLE GAMING, CARD GAMES, DICE GAMES, ROULETTE, SLOT MACHINES, AND VIDEO LOTTERY TERMINALS.

(B) THIS SECTION DOES NOT APPLY TO:

(1) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION, LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE STATE GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND;

(2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE OF THE ANNOTATED CODE OF MARYLAND; OR

1 (3) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR  
2 VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE  
3 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION INCLUDED UNDER TITLE 12  
4 OR TITLE 13 OF THE CRIMINAL LAW ARTICLE OF THE ANNOTATED CODE OF  
5 MARYLAND.

6 3. VIDEO LOTTERY FACILITY LICENSE REQUIREMENTS.

7 (A) THE STATE LOTTERY COMMISSION SHALL REGULATE THE OPERATION OF  
8 VIDEO LOTTERY TERMINALS THAT ARE USED BY INDIVIDUALS FOR VIDEO LOTTERY  
9 GAMING OR BETTING PURPOSES AT VIDEO LOTTERY FACILITIES LICENSED UNDER  
10 THIS ARTICLE.

11 (B) ONLY A BONA FIDE CORPORATION, PARTNERSHIP, BUSINESS TRUST,  
12 LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY THAT HAS BEEN ISSUED  
13 A VIDEO LOTTERY FACILITY LICENSE BY THE STATE LOTTERY COMMISSION MAY  
14 OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE STATE UNDER THIS  
15 ARTICLE.

16 (C) ANY OTHER LAW THAT PROHIBITS THE LOCATION, POSSESSION, KEEPING,  
17 MAINTAINING, OR OPERATION OF VIDEO LOTTERY TERMINALS DOES NOT APPLY TO  
18 VIDEO LOTTERY TERMINALS AUTHORIZED IN ACCORDANCE WITH THIS ARTICLE.

19 (D) EACH VIDEO LOTTERY TERMINAL DEVICE, ANY ASSOCIATED EQUIPMENT,  
20 AND ANY CENTRALIZED COMPUTER SYSTEM THAT IS USED TO CONTROL VIDEO  
21 LOTTERY TERMINALS SHALL BE OWNED OR LEASED BY THE STATE LOTTERY  
22 COMMISSION AND SHALL BE UNDER THE CONTROL OF THE STATE LOTTERY  
23 COMMISSION.

24 (E) THE STATE LOTTERY COMMISSION MAY ISSUE NO MORE THAN SIX VIDEO  
25 LOTTERY FACILITY LICENSES TO OPERATE VIDEO LOTTERY TERMINALS AT  
26 LOCATIONS IN FOUR DIFFERENT REGIONS OF THE STATE.

27 (F) AT A MINIMUM, AN APPLICANT FOR A VIDEO LOTTERY FACILITY LICENSE  
28 MUST HOLD A LICENSE FOR A RACETRACK ISSUED BY THE STATE RACING  
29 COMMISSION.

30 (G) THE NUMBER OF VIDEO LOTTERY TERMINALS IN THE STATE MAY NOT  
31 EXCEED 10,000 DEVICES.

32 (H) A VIDEO LOTTERY FACILITY LICENSEE MAY NOT OPERATE MORE THAN  
33 2,000 VIDEO LOTTERY TERMINALS AT A FACILITY FOR WHICH THE LICENSEE HOLDS  
34 A LICENSE.

35 (I) (1) THE STATE LOTTERY COMMISSION SHALL SELECT APPLICANTS TO  
36 BE ISSUED A VIDEO LOTTERY FACILITY LICENSE USING A COMPETITIVE PROCESS.

37 (2) BEFORE THE STATE LOTTERY COMMISSION IMPLEMENTS A  
38 COMPETITIVE PROCESS TO SELECT APPLICANTS FOR VIDEO LOTTERY FACILITY  
39 LICENSES, THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND THE

1 LEGISLATIVE POLICY COMMITTEE OF THE GENERAL ASSEMBLY FOR REVIEW AND  
2 APPROVAL THE COMPETITIVE PROCESS TO BE USED.

3 4. DISTRIBUTION OF PROCEEDS.

4 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE  
5 CONTROL OF THE STATE LOTTERY COMMISSION.

6 (B) AT LEAST ONE-HALF OF THE NET PROCEEDS SHALL BE DEDICATED TO A  
7 SPECIAL FUND AND USED TO SUPPORT:

8 (1) IMPLEMENTATION OF THE FINAL RECOMMENDATIONS OF THE  
9 COMMISSION ON EDUCATION FINANCE, EQUITY, AND EXCELLENCE TO PROVIDE  
10 ADEQUATE FUNDING FOR MARYLAND'S CHILDREN IN PUBLIC SCHOOLS FROM  
11 PREKINDERGARTEN THROUGH 12TH GRADE;

12 (2) IMPLEMENTATION OF THE FINAL RECOMMENDATIONS OF THE TASK  
13 FORCE TO STUDY COLLEGE READINESS FOR DISADVANTAGED AND CAPABLE  
14 STUDENTS TO ENHANCE COLLEGE READINESS, TEACHER PREPARATION, AND  
15 FINANCIAL AID FOR MARYLAND'S DISADVANTAGED AND CAPABLE STUDENTS; AND

16 (3) PUBLIC LIBRARIES.

17 5. LOCAL APPROVAL.

18 NOTWITHSTANDING ANY OTHER PROVISION OF THE CONSTITUTION OF  
19 MARYLAND, ANY PROVISION OF THIS ARTICLE THAT AUTHORIZES VIDEO LOTTERY  
20 OPERATIONS AT A RACETRACK LICENSED BY THE STATE RACING COMMISSION  
21 SHALL BE CONTINGENT, WITH RESPECT TO BALTIMORE CITY OR THE COUNTY  
22 WITHIN WHICH THE RACETRACK LOCATION'S VIDEO LOTTERY OPERATIONS IS TO BE  
23 AUTHORIZED, ON A SPECIAL ELECTION IN WHICH THE MAJORITY OF THE  
24 REGISTERED VOTERS IN THAT COUNTY OR BALTIMORE CITY APPROVE THE  
25 OPERATION OF VIDEO LOTTERY TERMINALS AT THE LICENSED RACETRACK.

26 SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly  
27 determines that the amendment to the Constitution of Maryland proposed by this Act  
28 affects multiple jurisdictions and that the provisions of Article XIV, Section 1 of the  
29 Constitution concerning local approval of constitutional amendments do not apply.

30 SECTION 3. AND BE IT FURTHER ENACTED, That the foregoing section  
31 proposed as an amendment to the Constitution of Maryland shall be submitted to the  
32 legal and qualified voters of this State at the next general election to be held in  
33 November, 2004 for their adoption or rejection in pursuance of directions contained in  
34 Article XIV of the Constitution of this State. At that general election, the vote on this  
35 proposed amendment to the Constitution shall be by ballot, and upon each ballot  
36 there shall be printed the words "For the Constitutional Amendment" and "Against  
37 the Constitutional Amendment," as now provided by law. Immediately after the  
38 election, all returns shall be made to the Governor of the vote for and against the  
39 proposed amendment, as directed by Article XIV of the Constitution, and further  
40 proceedings had in accordance with Article XIV.

